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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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Washington DC
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**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/12 AND ENDING 12/31/12
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Citicorp Securities Services, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

388 Greenwich Street

(No. and Street)

New York

NY

10013

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

John McCoy

(212) 657-8435

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG LLP

(Name - if individual, state last, first, middle name)

345 Park Avenue

New York

NY

10154-0102

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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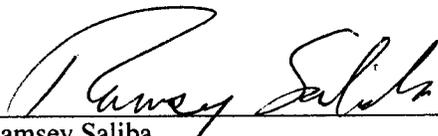
February 27, 2013

State of New York)
) SS:
County of New York)

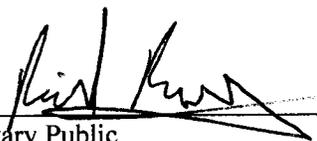
We do hereby affirm that to the best of our knowledge and belief, the attached financial statements as of December 31, 2012 and supplementary schedules are true and correct, and that neither the Company nor any principal officer or director has any proprietary interest in any account classified solely as that of a customer. We do hereby certify that the attached financial statements as of December 31, 2012 and supplementary schedules will promptly be made available to Citicorp Securities Services, Inc. members and allied members whose signatures do not appear below.



Alan Pace
Chief Executive Officer



Ramsey Saliba
Chief Financial Officer



Notary Public

Subscribed and sworn to before me this
27 day of February 2013

RICHARD BUCKLEY
Notary Public, State of New York
No. 01BU503652
Qualified in Westchester County
Commission Expires November 28, 2014



CITICORP SECURITIES SERVICES, INC.
(A wholly owned subsidiary of Citigroup Financial Products Inc.)

Statement of Financial Condition

December 31, 2012

(With Report of Independent Registered Public Accounting Firm Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

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Report of Independent Registered Public Accounting Firm Washington DC
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The Board of Directors
Citicorp Securities Services, Inc.:

We have audited the accompanying statement of financial condition of Citicorp Securities Services, Inc. (a wholly-owned subsidiary of Citigroup Financial Products Inc. and an indirectly wholly-owned subsidiary of Citigroup Inc.) as of December 31, 2012, that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 and the related notes to the statement of financial condition (the financial statement).

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly in all material respects, the financial position of Citicorp Securities Services, Inc. as of December 31, 2012, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

February 27, 2013

CITICORP SECURITIES SERVICES, INC.
(A wholly owned subsidiary of Citigroup Financial Products Inc.)

Statement of Financial Condition

As of December 31, 2012

(In thousands, except share information)

Assets	
Cash and cash equivalents	\$ 63,242
Cash deposited with clearing organizations	309
Securities received as collateral, at fair value (All pledged to various counterparties)	8,306,362
Deposits paid for securities borrowed	722,419
Other assets	7,987
Total assets	<u>\$ 9,100,319</u>
Liabilities and Stockholder's Equity	
Deposits received for securities loaned	\$ 617,129
Obligations to return securities received as collateral, at fair value	8,306,362
Payables and accrued liabilities	11,542
Total liabilities	<u>8,935,033</u>
Subordinated indebtedness	75,000
Stockholder's equity:	
Common stock (par value \$1 per share; 1,000 shares authorized, issued and outstanding)	1
Additional paid-in capital	38,425
Retained earnings	51,860
Total stockholder's equity	<u>90,286</u>
Total liabilities and stockholder's equity	<u>\$ 9,100,319</u>

See accompanying notes to statement of financial condition.

CITICORP SECURITIES SERVICES, INC.
(A wholly owned subsidiary of Citigroup Financial Products Inc.)

Notes to Statement of Financial Condition

December 31, 2012

(In thousands)

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

Citicorp Securities Services, Inc. (the Company) is a wholly owned subsidiary of Citigroup Financial Products Inc., (the Parent), and is an indirect wholly owned subsidiary of Citigroup Global Markets Holdings Inc. (CGMHI). The Company's ultimate parent is Citigroup Inc. (Citigroup). The Company is a registered broker-dealer with the U.S. Securities and Exchange Commission (the SEC) and a member of the Financial Industry Regulatory Authority (FINRA). The Company operates a securities business dealing in collateralized financing transactions.

The accompanying statement of financial condition has been prepared from separate records maintained by the Company, which may not necessarily be indicative of the financial condition that would have existed if the Company had been operated as an unaffiliated company.

The Company operates under the provisions of subparagraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Act of 1934 and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of subparagraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer and promptly transmit all customer funds and securities to the clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer. Citigroup Global Markets Inc. (CGMI), an affiliated company, acts as the clearing broker-dealer for the Company.

The Company's statement of financial condition is prepared in accordance with U.S. generally accepted accounting principles (GAAP). Management must make estimates and assumptions that affect the financial statement and the related footnote disclosures. While management makes its best judgment, actual amounts or results could differ from those estimates. Current market conditions increase the risk and complexity of the judgment for those estimates.

(b) Cash and Cash Equivalents

The Company's cash and cash equivalents consist of cash and money market funds with original maturities of 90 days or less.

(c) Deposits paid for securities borrowed and Deposits received for securities loaned

Securities borrowing and lending transactions generally do not constitute a sale of the underlying securities for accounting purposes, and so are treated as collateralized financing transactions when the transaction involves the exchange of cash.

Deposits paid for securities borrowed (securities borrowed) and deposits received for securities loaned (securities loaned) are recorded at the amount of cash advanced or received and are collateralized principally by equity securities. The Company monitors the fair value of securities borrowed and securities loaned daily, and additional collateral is obtained as necessary. In the event of counterparty default, the Company has the right to liquidate the collateral held.

CITICORP SECURITIES SERVICES, INC.
(A wholly owned subsidiary of Citigroup Financial Products Inc.)

Notes to Statement of Financial Condition

December 31, 2012

(In thousands)

(d) Fair Value

The Company measures financial instruments consistent with the requirements of Financial Accounting Standards Board (FASB) guidance on fair value measurements. The guidance defines fair value, expands disclosure requirements around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. See footnote 6 for the Company's fair value disclosures.

(e) Income Taxes

Under income tax allocation agreements with CGMHI and Citigroup, the Company's U.S. federal, state and local income taxes are provided on a separate entity basis and are subject to the utilization of tax attributes in Citigroup's consolidated income tax provision. Under the tax sharing agreement with CGMHI, the Company settles its current and deferred tax provisions with CGMHI throughout the year.

(2) Capital Requirements

The Company, as a broker-dealer, is subject to the Uniform Net Capital Rule of the SEC (Rule 15c3-1). Under the alternative method permitted by the Rule, the Company is required to maintain net capital, as defined, equal to the greater of \$250 or 2% of aggregate debit items arising from customer transactions. As of December 31, 2012, the Company's net capital of \$160,448 exceeded the minimum requirement by \$160,198.

(3) Collateral and Pledged Assets

At December 31, 2012, the approximate fair value of collateral received by the Company that may be resold or repledged, was \$16.9 billion. This collateral was received in connection with securities borrowed (\$8.5 billion) and loaned (\$8.4 billion).

CITICORP SECURITIES SERVICES, INC.
(A wholly owned subsidiary of Citigroup Financial Products Inc.)

Notes to Statement of Financial Condition

December 31, 2012

(In thousands)

(4) Related Party Transactions

The Company has entered into various related party transactions with certain affiliates. Amounts charged for operational support represent an allocation of costs.

(a) Subordinated Indebtedness

At December 31, 2012, there was no subordinated indebtedness with CGMHI. The balance of \$175,000 was repaid in full on August 30, 2012.

The Company also has a \$200,000 revolving subordinated debt agreement with Citigroup. On August 30, 2012, the Company drew down \$75,000 from this revolving agreement. This agreement bears interest at a rate agreed upon by both parties, currently 4.77%, which is payable monthly and resets daily. The current maturity is June 30, 2017 and the agreement automatically renews yearly unless notification is given to FINRA. Payables and accrued liabilities at December 31, 2012 include \$315, which represents interest payable to Citigroup for the subordinated indebtedness.

All subordinated indebtedness qualifies for inclusion in net capital at December 31, 2012. In accordance with Rule 15c-3-1, subordinated indebtedness may not be repaid if net capital is less than 5% of aggregate debit items, as defined, or if other net capital requirements are not met.

(b) Collateralized Financing Agreements

At December 31, 2012, all "Deposits paid for securities borrowed" represent collateralized financing transactions with CGMI.

(5) Income Taxes

Under an income tax allocation agreement with CGMHI, the Company's U.S. federal, state and local income taxes are provided on a separate company basis based on rates determined in accordance with the income tax agreement. Also pursuant to the agreement, all temporary differences are treated as current tax items and the tax effects on such differences are included in intercompany settlements with the Parent. At December 31, 2012, the Company did not have any temporary differences.

During the year, the Company paid \$10,525 in income taxes to the Parent. At December 31, 2012, the Company had income taxes payable to the Parent of \$3,832.

The Company has no uncertain tax positions, and accordingly maintains no tax reserves.

The following are the major tax jurisdictions in which the Company and its affiliates operate and the earliest tax year subject to examination:

Jurisdiction	Tax year
United States	2009
New York State and City	2006

CITICORP SECURITIES SERVICES, INC.
(A wholly owned subsidiary of Citigroup Financial Products Inc.)

Notes to Statement of Financial Condition

December 31, 2012

(In thousands)

(6) Fair Value Measurements

At December 31, 2012, assets and liabilities recorded at fair value include cash and cash equivalents, securities received as collateral and obligations to return securities received as collateral. The Company's securities received as collateral consist primarily of U.S. exchange listed equity securities. The Company uses quoted market prices to determine the fair value of all of its securities received as collateral, and classifies such items in Level 1 and Level 2 of the fair value hierarchy. Assets and liabilities recorded at contractual amounts that approximate fair value include securities borrowed, securities loaned, payables and accrued liabilities and subordinated indebtedness. The fair values of such items are not materially sensitive to shifts in market interest rates because of the limited term to maturity of many of these instruments and/or their variable interest rates.

(a) Items Measured at Fair Value on a Recurring Basis

The following table presents for each of the fair-value hierarchy levels the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2012.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Equity securities	\$ 7,042,241	5,777	—	\$ 7,048,018
Debt securities	—	1,258,344	—	1,258,344
Securities received as collateral, at fair value	<u>\$ 7,042,241</u>	<u>\$ 1,264,121</u>	<u>\$ —</u>	<u>\$ 8,306,362</u>
Liabilities:				
Equity securities	\$ 7,042,241	5,777	—	\$ 7,048,018
Debt securities	—	1,258,344	—	1,258,344
Obligations to return securities received as collateral, at fair value	<u>\$ 7,042,241</u>	<u>\$ 1,264,121</u>	<u>\$ —</u>	<u>\$ 8,306,362</u>

The Company did not have any significant transfers of assets or liabilities between Levels 1 and 2 of the fair value hierarchy during the twelve months ended December 31, 2012. Additionally, there were no Level 3 assets or liabilities as of or for the year ended December 31, 2012.

(7) Concentrations of Credit Risk

At December 31, 2012, collateral held for securities borrowed is with CGMI. For securities loaned, the Company has counterparty concentrations with financial institutions all transacting business in the United States.



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

**Report of Independent Registered Public Accounting Firm on Internal Control
Pursuant to Securities and Exchange Commission Rule 17a-5**

The Board of Directors
Citicorp Securities Services, Inc.:

In planning and performing our audit of the consolidated financial statements of Citicorp Securities Services, Inc. (a wholly-owned subsidiary of Citigroup Financial Products Inc. and an indirectly wholly owned subsidiary of Citigroup Inc., the Company), as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computation of aggregate debits and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2012, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, Financial Industry Regulatory Authority (FINRA), and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

February 27, 2013